



Town Council Agenda Report

SUBJECT: A resolution authorizing the issuance of \$13 million in bonds for repayment of existing debt and a revolving credit facility through a government borrowing pool

CONTACT PERSON/NUMBER: Chris Wallace, 797-1050

TITLE OF AGENDA ITEM:

A RESOLUTION OF THE TOWN OF DAVIE, FLORIDA, AUTHORIZING THE NEGOTIATION OF LOAN IN AN AGGREGATE AMOUNT NOT TO EXCEED \$13,000,000 FROM THE CAPITAL TRUST AGENCY (CAPITAL PROJECTS AND EQUIPMENT ACQUISITION PROGRAM); APPROVING THE ACQUISITION, CONSTRUCTION AND ERECTION OF CERTAIN CAPITAL PROJECTS; APPROVING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT WITH THE CAPITAL TRUST AGENCY; AUTHORIZING THE EXECUTION AND DELIVERY OF A NOTE; APPROVING THE EXECUTION AND DELIVERY OF A DISCLOSURE AGREEMENT; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION WITH THE MAKING OF SUCH LOAN; AND PROVIDING AN EFFECTIVE DATE.

REPORT IN BRIEF:

In anticipation of a renewed capital improvement program, the Town is interested in making available approximately \$5 million in a revolving capital account. This account will temporarily fund those capital projects on a temporary basis until long term funding is arranged. This will allow the Town to preserve it's investment income. Additionally, to facilitate this transaction, 3 existing debt issues will be refunded to provide cheaper financing and alleviate indenture restrictions. This document is a draft. A final version was not available at the time the agenda was prepared. A final version will be submitted to the Town Council immediately upon its receipt.

PREVIOUS ACTIONS:

not applicable

CONCURRENCES:

not applicable

FISCAL IMPACT:

Has request been budgeted? no

If yes, expected cost

Account Name:

If no, amount needed \$230,000 for interest expense for FY01

What account will funds be appropriated from: See comment below

Item No.

Additional Comments: Since ordinarily this would have come from investments on a temporary basis, and since that would reduce our investment income, this transaction will increase investment income above what was anticipated and should be more than enough to offset the increased expenditure.

RECOMMENDATION(S):

Motion to approve the resolution.

Attachment(s):

Resolution

Item No.

RESOLUTION NO. R-2000-_____

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN DAVIE, FLORIDA, AUTHORIZING THE NEGOTIATION OF A LOAN IN AN AGGREGATE AMOUNT NOT TO EXCEED \$13,000,000 FROM THE CAPITAL TRUST AGENCY (CAPITAL PROJECTS AND EQUIPMENT ACQUISITION PROGRAM) FOR THE PURPOSE OF REFUNDING CERTAIN OUTSTANDING BONDS OF THE TOWN AND FINANCING OR REIMBURSING THE COSTS OF ACQUISITION, CONSTRUCTION AND EQUIPPING OF CERTAIN CAPITAL IMPROVEMENTS OF THE TOWN; APPROVING THE EXECUTION AND DELIVERY OF A LOAN AGREEMENT WITH THE CAPITAL TRUST AGENCY; AUTHORIZING THE EXECUTION AND DELIVERY OF A NOTE; APPROVING THE EXECUTION AND DELIVERY OF A REIMBURSEMENT AND INDEMNITY AGREEMENT WITH MBIA INSURANCE CORPORATION; APPROVING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE AGREEMENT; PROVIDING CERTAIN OTHER MATTERS IN CONNECTION WITH THE MAKING OF SUCH LOAN; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Capital Trust Agency (the "Agency") pursuant to a certain Interlocal Agreement and pursuant to Chapter 163, Part I, Florida Statutes, has been created for the purpose of issuing its bonds to make loans to participating governmental units for qualified projects; and

WHEREAS, City of Town of Davie, Florida (the "Town"), a municipal corporation, is duly created and existing pursuant to the Constitution and laws of the State of Florida (the "State"); and

WHEREAS, the Town Council (the "Council") of the Town finds and declares that there is a substantial need for the financing or refinancing of qualifying projects permitted by Florida Statutes and the State Constitution; and

WHEREAS, the Town possesses the ability to finance such projects on its own, but has determined that a pooled financing program involving a limited number of local governmental units which regularly undertake projects requiring significant debt financing within the State of Florida would provide for low cost financing or refinancing of such projects through economies of scale, administrative support and access to expertise in accessing the capital markets; and

WHEREAS, it is anticipated that the benefits of a pooled financing by the Town with a limited number of governmental units through the Capital Trust Agency may be obtained through promises to repay loans under the program and supported by a general covenant to budget and appropriate for such purposes; and

WHEREAS, by pooling the respective financial needs of these certain various local governmental units, the Town will be able to access additional markets and expects to receive the benefits of lower interest rates on more favorable terms associated with such a large scale financing with such benefits being obtained for and inuring to the Town; and

WHEREAS, the Agency is in the process of issuing its Capital Trust Agency Revenue Bonds (Capital Projects and Equipment Acquisition Program), Series

2000 (the "Bonds") and is seeking to make loans (the "Loans") to governmental units; and

WHEREAS, it is hereby determined that a need exists to borrow funds for the purpose of (i) refunding the Town's (a) Public Improvement Revenue Bonds, Series 1999 (the "1999 Bonds"), currently outstanding in the aggregate principal amount of \$4,888,750, (b) Special Obligation Bonds, Series 1995 (the "1995 Bonds"), currently outstanding in the aggregate principal amount of \$1,050,000, and (c) Special Obligation Bonds, Series 1990 (the "1990 Bonds"), currently outstanding in the aggregate principal amount of \$1,052,628, and (ii) financing or reimbursing the cost of acquisition, construction and equipping of certain capital improvements of the Town on a revolving basis over the term of the Loan (collectively the "Project"); and

WHEREAS, it is determined to be in the best interest of the Town to borrow funds from the Agency from the proceeds of the Bonds to refund the 1999 Bonds, the 1995 Bond and the 1990 Bonds and finance the cost of the Project.

NOW THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA:

SECTION 1. AUTHORITY. This Resolution is adopted pursuant to Chapter 166, Florida Statutes, the Charter of the Town, and other applicable provisions of law.

SECTION 2. REFUNDING AND PROJECT. The refunding of the 1999 Bonds, the 1995 Bonds and the 1990 Bonds and the financing of the Project is hereby approved.

SECTION 3. NEGOTIATED LOAN. Due to the complicated nature of the financing and the ability of the Agency to access additional markets and for the Town to receive the benefits of lower interest rates and issuance costs, it is hereby determined that it is in the best interest of the Town that the Loan to the Town be made from the proceeds of the Bonds, as opposed to the Town borrowing funds pursuant to a competitive sale.

SECTION 4. LOAN AMOUNT AND INTEREST RATE. The amount to the Loan of the Town evidenced by the Loan Agreement or Loan Agreements shall not exceed \$13,000,000, and the interest rate on such Loan shall be a variable rate not to exceed The Bond Market Association Index plus sixty (60) basis points. Such Loan shall be payable according to the terms and conditions set forth in the Loan Agreement or Loan Agreements authorized pursuant to Section 5 hereof. The redemption provisions, if any, relating to such Loan shall be as provided in the Loan Agreement.

SECTION 5. APPROVAL OF LOAN AGREEMENT. The Council hereby approves the form and content of the Loan Agreement between the Town and the Agency (the "Loan Agreement"), presented at this meeting and attached hereto as Exhibit "A". The Mayor, the Vice Mayor or any member of the Council is hereby authorized to execute and deliver one or more Loan Agreements on behalf of the Town, and the Clerk or Assistant Town Clerk is authorized to place the Town's seal thereon and attest thereto, in substantially the form presented at this meeting, with such changes, modifications, deletions and insertions as the persons executing such

document, with the advice of Bond Counsel and the Town Attorney, may deem necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval thereof by the Town.

SECTION 6. APPROVAL OF NOTE. The Council hereby approves the form and content of the Note from the Town to the Agency, presented at this meeting and attached to the Loan Agreement as Exhibit "B". The Mayor, the Vice Mayor or any member of the Council is hereby authorized to execute and deliver the Note and the Town Clerk or Assistant Town Clerk is authorized to place the Town's seal thereon and attest thereto, in substantially the form presented at this meeting, with such changes, modifications, deletions and insertions as the persons executing such document, with the advice of Bond Counsel and the Town Attorney, may deem necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval thereof by the Town.

SECTION 7. APPROVAL OF REIMBURSEMENT AND INDEMNITY AGREEMENT. The Council hereby approves the form and content of the Reimbursement and Indemnity Agreement between the Town and MBIA Insurance Corporation, the insurer of the Bonds, presented at this meeting and attached hereto as Exhibit "B". The Mayor, the Vice Mayor or any member of the Council is hereby authorized to execute and deliver the Reimbursement and Indemnity Agreement, and the Town Clerk or Assistant Town Clerk is authorized to place the Town's seal thereon and attest thereto, in substantially the form presented at this meeting, with such changes, modifications, deletions and insertions as the persons executing such document, with the advice of Bond Counsel and the Town Attorney, may deem necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval thereof by the Town.

SECTION 8. APPROVAL OF CONTINUING DISCLOSURE AGREEMENT. The Council hereby approves the form and content of the Continuing Disclosure Agreement among the Town, the Agency and the Trustee (referenced in Section 9 hereof) presented at this meeting and attached hereto as Exhibit "C". The Mayor, the Vice Mayor or any member of the Council is hereby authorized to execute and deliver the Continuing Disclosure Agreement, and the Town Clerk or Assistant Town Clerk is authorized to place the Town's seal thereon and attest thereto, in substantially the form presented at this meeting, with such changes, modifications, deletions and insertions as the persons executing such document, with the advice of Bond Counsel and the Town Attorney, may deem necessary and appropriate. Such execution and delivery shall be conclusive evidence of the approval thereof by the Town.

SECTION 9. INDENTURE. The Town hereby acknowledges and consents to the Bonds being issued pursuant to a Master Trust Indenture and a Supplemental Trust Indenture (collectively, the "Indenture") to be executed by the Agency and a bank or trust company to be selected by the Agency, as Trustee (the "Trustee").

SECTION 10. OTHER INSTRUMENTS. The Mayor, the Vice Mayor, any member of the Council, the Town Manager, the Town Clerk, the Assistant Town Clerk, the Director of the Department of Budget and Finance and any other proper official of the Town, and each of them is hereby authorized and directed to execute any and all certifications or other

instruments or documents required by this Resolution, the Loan Agreement, the Reimbursement and Indemnity Agreement, the Indenture or any other documents required by the Agency as a prerequisite or precondition to making the Loan (including but not limited to the execution of all tax documents relating to the tax-exempt status of the Loan), and any such representations and agreements made therein shall be deemed to be made on behalf of the Town. All action taken to date by the officers of the Town in furtherance of the issuance of the Bonds and the making of the Loan is hereby approved, confirmed and ratified.

SECTION 11. ADDITIONAL INFORMATION. The Loan Agreement shall not be executed and delivered unless and until the Town has received all information required by Section 218.385, Florida Statutes.

SECTION 12. ADDITIONAL TERMS. Pursuant to subsequent resolution, the Town may establish such additional terms as it may so determine to be in the best interests of the Town.

SECTION 13. SEVERABILITY. In case any one or more of the provisions of this Resolution shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Resolution, but this Resolution shall be construed and enforced as if such illegal or invalid provision had not been contained therein. The Resolution is adopted with the intent that the laws of the State shall govern their construction.

SECTION 14. OPEN MEETING FINDINGS. It is hereby found and determined that all official acts of the Town Council concerning and relating to the adoption of this Resolution were taken in an open meeting of the Town Council and that all deliberations of the Town Council or any of its committees that resulted in such official acts were in meetings open to the public, in compliance with all legal requirements, including Section 286.011, Florida Statutes.

SECTION 15. REPEALING CLAUSE. All resolutions or orders and parts thereof in conflict herewith, to the extent of such conflicts, are hereby superseded and repealed.

SECTION 16. EFFECTIVE DATE. This Resolution shall take effect immediately upon its passage and adoption.

PASSED AND ADOPTED this 20th day of December, 2000.

th

Mayor/Councilman

ATTEST:

Town Clerk

I HEREBY CERTIFY that I have approved the form and correctness of this Resolution.

Town Attorney

EXHIBIT "A"

FORM OF LOAN AGREEMENT

EXHIBIT "B"

FORM OF REIMBURSEMENT AND INDEMNITY AGREEMENT

EXHIBIT "C"

FORM OF CONTINUING DISCLOSURE AGREEMENT